1. A method of arranging the capital market securities within a country into a single index which approximates the activities of the securities in the marketplace comprising the steps of:

obtaining a current index of each of the stock, bond, and money market sectors of the marketplace in a country;

computing a weighting factor for each said index;

applying each said weighting factor to each said index to compute weighted indexes for each of the stock, bond, and money market sectors; and

calculating a capital market index within the country by combining said weighted indexes.

7. A method of arranging the capital market securities within a country into a single index which approximates the activities of the securities in the marketplace comprising the steps of:

determining a stock index for a country;

determining a bond index for the country;

determining a money market index for the country;

computing a weighting factor for each said index;

applying said weighting factor to each said index to compute corresponding weighted indexes; and

calculating a capital market index for the country by combining said weighted indexes.

8. The method of claim 7 in which said stock index is computed by assembling a stock portfolio, said stock portfolio comprised of either all or a selected portion of all marketable equity securities; calculating the present day market value for said marketable equity securities, said market value calculated by multiplying the number of outstanding shares of said marketable equity securities by the price at said present day; calculating the market capitalization of said stock portfolio by summing the market values of said marketable equity securities; selecting an initial period divisor; and calculating the equity market index by dividing said market capitalization by the initial period divisor.

9. The method of claim 8 in which said stock portfolio is assembled by computing the market capitalization of each individual stock conmprising said stock portfolio by multiplying the number of outstanding shares of each individual stock by the price of each individual stock; arranging said stocks into industry groups; and selecting a

representative number of market captilizations for said stocks from each said industry group.

10. The method of claim 8 wherein said stock portfolio is assembled by computing the market capitalization of each individual stock by multiplying the number of outstanding shares of each individual stock by the price of each individual stock; selecting 90% of the 500 largest capitalized stocks; and selecting 10% of the smallest cap stocks.

11. The method of claim 7 in which said bond index is determined by assembling a bond portfolio comprised of one or more of the following securities:

· all of the U.S. Treasury and federal agency issues with maturity in excess of one year,

the most recent investment grade corporate bonds with representation by maturity of $100 million minimum,

representative and liquid (or daily traded) mortgage-backed securities, and

representative asset-backed securities;

calculating the present day market value of said bond portfolio by multiplying the present day price of each security by the amount of each security outstanding after prepayment and repurchases and adding the amount of interest each security has accrued; summing the market value of the individual securities; selecting an initial period divisor; and calculating the bond market index by dividing said present day market value by said initial period divisor.

12. The method of claim 11 wherein said bond portfolio further comprises high yield bonds and municipal securities.

13. The method of claim 7 wherein said money market index is determined by assembling a money market portfolio comprised of one or more of the following instruments:

100% of the U.S. Treasury and Federal Agency Issues with a maturity of less than one year,

the most recent commercial paper (dealer and directly replaced),

the banker's acceptances with representation by maturity, and

corporate issues with a maturity of less than one year;

calculating the present day market value of each instrument in said money market portfolio by multiplying the present day price of each said instrument by the amount outstanding after prepayments and repurchases and adding accrued interest of each instrument;

computing the total market value of the money market portfolio by summing the market value of the individual instruments; selecting an initial period divisor; and calculating the money market index by dividing said present day market value by said initial period divisor.

18. The method of claim 7 wherein said weighting factor indexes are calculated by obtaining the Bond Index Market Value, the Equity Index Market Value and the Money Market Index Value; computing the weighting factor divisor, said weighting factor divisor being the sum of the Bond Index Market Value, the Equity Index Market Value, and the Money Market Index Value; and computing the weighting factors by dividing each said index by said weighting factor divisor.

21. The method of claim 7 additionally comprising recalculating the index as the government revises earlier released data for research and analytical use by obtaining revised government data regarding earlier released data relevant to securities used in the generation of the market index.

Please **add** the following new claims:

26. The method of claim 1 additionally comprising managing a portfolio.

27. The method of claim 7 additionally comprising managing a portfolio.

REMARKS

In the Official Action of March 21, 2002, the Examiner suggested that the title of the invention was not descriptive and rejected claims 1-25 under 35 U.S.C. 103(a) as being unpatentable over Barr, *et al.* (hereinafter "Barr"), U.S. Patent No. 5,761,422, in view of Khorana, A., "The Emergence of Country Index Funds," Journal of Portfolio Management; New York; Summer 1998 (hereinafter "Khorana").

In response to the objection to the title of the application, the application has been amended to adopt the title suggested in the Action except that the word "International" suggested in the Action was not utilized in the amended title because the method of the present invention may be utilized country-by-country and/or internationally. The prior art rejection, however, is respectfully traversed for the following reasons.

Page 2 of the Action alleges that

"Barr discloses a computer data processing system and method for selecting securities, and constructing an investment portfolio through neural net tracking. The [Barr] system creates a hybrid index 100 by taking the average of two separate indexes (S&P 500 and S&P 400 midcap index returns) as well as other market data."